

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 EUR-12 NEA-09 ISO-00 CAB-02 CIAE-00

COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-02

H-02 SS-15 NSC-05 /068 W
----- 045807

R 311453Z MAR 75

FM AMEMBASSY MONROVIA

TO SECSTATE WASHDC 5119

INFO AMEMBASSY ABIDJAN

AMEMBASSY ACCRA

AMEMBASSY BAMAKO

AMEMBASSY BRUSSELS

AMEMBASSY DAKAR

AMEMBASSY LAGOS

AMCONSUL CASABLANCA

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E.O. 11652: N/A

TAGS: EAIR, US, LI

SUBJECT: CIVAIR: DISCRIMINATION AGAINST PAN AM AND OTHER AMERICAN
FIRMS

REF: (A) STATE 068758; (B) MONROVIA 1453; (C) MONROVIA 1295;
(D) MONROVIA 0716

BRUSSELS AND LAGOS FOR FAA

CASABLANCA FOR RCAA

1. EMBASSY AGREES WITH POINT MADE REF A THAT, SINCE ALL FOREIGN
CONCESSIONS REQUIRED EXCLUSIVELY TO USE AIR LIBERIA FOR AIR TRAVEL
(AND, PRESUMABLY, AIR FREIGHT) ON DOMESTIC ROUTES AND THOSE
REGIONAL INTERNATIONAL ROUTES WHICH IT SERVES, AND FOR TICKETING
FOR ALL INTERNATIONAL AIR TRAVEL (REF D), AMERICAN CONCESSIONS NOT
BEING DISCRIMINATED AGAINST VIS-A-VIS OTHER FOREIGN CONCESSIONS.

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HOWEVER, WE NOTE THAT ARTICLE I OF TREATY OF FRIENDSHIP, COMMERCE

AND NAVIGATION (FCN) ALSO PROVIDES THAT NATIONALS OF BOTH STATES PERMITTED QTE TO CARRY ON EVERY FORM OF COMMERCIAL ACTIVITY WHICH IS NOT FORBIDDEN BY THE LOCAL LAW UNQTE AND TO ENJOY THIS PRIVILEGE QTE UPON THE SAME TERMS AS NATIONALS OF THE STATE OF RESIDENCE UNQTE, A POINT THAT SEEMS TO HAVE BEEN OVERLOOKED IN REF A, PARA 3. WE QUESTION WHETHER AMERICAN CONCESSIONS BEING ACCORDED SAME TERMS AS LIBERIANS. CERTAINLY, PAN AM NOT BEING GIVEN SAME OPPORTUNITY AS AIR LIBERIA TO COMPETE FOR REGIONAL AIR TRAFFIC AND TICKET SALES.

2. TO DATE, GOL DIRECTIVE HAS CAUSED ONLY INCONVENIENCE TO AMERICAN CONCESSIONS (WHICH HAVE PREFERRED TO USE OTHER, MORE ESTABLISHED DOMESTIC AIR TAXI SERVICES ON LOCAL FLIGHTS). AIR LIBERIA'S ONLY INTERNATIONAL ROUTE AT PRESENT IS TO FREETOWN, WHICH FEW CONCESSIONNAIRES VISIT. ALSO, ONLY DIRECT INJURY TO PAN AM HAS BEEN 7 PERCENT SALES COMMISSION ON TICKETS BEING SOLD BY AIR LIBERIA. HOWEVER, AIR LIBERIA NOW NEGOTIATING WITH MCDONNELL-DOUGLAS, BOEING, AND FOKKER FOR TWO MEDIUM-RANGE PASSENGER JETS TO OPERATE ON REGIONAL ROUTES. WE UNDERSTAND THAT ROUTES NORTH TO DAKAR AND EAST TO LAGOS (OR EVEN NAIROBI AND KINSHASA) BEING CONSIDERED, WHICH WOULD PUT AIR LIBERIA IN DIRECT COMPETITION WITH PAN AM. UNDER PRESENT DIRECTIVE, CONCESSION TRAVEL (AND FREIGHT SHIPMENTS) ON THIS ROUTE WOULD BE AIR LIBERIA MONOPOLY.

3. IN ADDITION TO DAMAGE PAN AM MIGHT SUFFER, AND INCONVENIENCE AMERICAN CONCESSIONS WOULD EXPERIENCE IN HAVING TO PLAN ALL REGIONAL TRAVEL AND FREIGHT SHIPMENTS AROUND AIR LIBERIA SCHEDULE, GOL MOVE SETS DANGEROUS PRECEDENT FOR OTHER AMERICAN INTERESTS. AS POINTED OUT REF D AND DISCUSSED REF B, DIRECTIVE STATES THAT AIR LIBERIA REQUIREMENT ONLY PART OF LARGER GOL POLICY THAT CONCESSIONNAIRES UTILIZE QTE LIBERIAN-OWNED SERVICES WHERE AVAILABLE UNQTE. CONCESSIONS (WHICH ACCOUNT FOR 80 PERCENT OF LIBERIA'S EXPORTS AND, PERHAPS, 60 PERCENT OF IMPORTS) FEAR THAT THEY WILL BE FORCED USE BANKING FACILITIES OF NATIONAL BANK OF LIBERIA RATHER THAN THOSE OF LOCAL SUBSIDIARIES OF CITIBANK, CHASE MANHATTAN OR CHEMICAL BANK. THIS HAS HAPPENED ALREADY WITH ALL CORPORATIONS IN WHICH GOL HAS A FINANCIAL INTEREST, AND THE LIMITED OFFICIAL USE

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CONCESSIONS MAY WELL BE NEXT. ALSO, ONE AMERICAN CONCESSION HAS COME UNDER PRESSURE TO TRANSFER PART OF ITS CONSTRUCTION WORK FROM AMERICAN-OWNED RAYMOND TO A LOCAL FIRM. THIS CONCEPT COULD EASILY SPREAD, ESPECIALLY SINCE LEADING GOL OFFICIALS ARE OFTEN COMPETITORS OF AMERICAN FIRMS AND MIGHT FAVOR GOVERNMENT INTERVENTION BY FIAT IN THE MARKETPLACE. U.S. PRIVATE INTERESTS IN INSURANCE, ENGINEERING, MARKETING AND OTHER FIELDS WILL MAY BE IN AS MUCH POTENTIAL DANGER AS

AVIATION, BANKING AND CONSTRUCTION.

4. IN VIEW OF SERIOUSNESS WITH WHICH WE VIEW THESE THREATS TO U.S. INTERESTS, EMBASSY WISHES TO WORD NOTE TO GOL IN STRONGEST LANGUAGE POSSIBLE. MILD NOTES TEND OFTEN TO BE IGNORED. IN ADDITION TO MOST FAVORED NATION TREATMENT, FCN TREATY PROVIDES THAT U.S. NATIONALS ARE TO BE ALLOWED ENGAGE IN COMMERCE UPON SAME TERMS AS LIBERIANS. WE BELIEVE THAT TREATY HAS BEEN CONTRAVENED BY GOL DIRECTIVE. WE WOULD LIKE SO TO STATE IN NOTE TO GOL. REQUEST DEPARTMENT RECONSIDER. MANFULL

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